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SUBJECT: RWANDA 2010 INVESTMENT CLIMATE STATEMENT

REF: STATE 124006

OPENNESS TO FOREIGN INVESTMENT

¶1. (U) The Government of Rwanda recognizes the private sector is an essential engine of development and welcomes foreign investment in policy and in practice. As a result of reforms implemented in 2008 and 2009, the World Bank recognized Rwanda as the world's top reformer in adopting business regulation reforms and raised the country's ranking in the World Bank &Ease of Doing Business⁸ indicators from 143 in the world to 67, the largest single year increase by any country since the World Bank first published the rankings in ¶2003. Rwanda now ranks fifth from the top among African nations.

¶2. (U) The Rwanda Development Board (RDB) was established in 2008 to fast track development projects and to facilitate new investment. RDB consolidates several government agencies previously involved in promoting investment including the Rwanda Investment and Export Promotion Agency (RIEPA), the Rwanda Commercial Registration Service Agency (RCRSA), the Human Resource and Institutional Capacity Development Agency (HIDA), the Rwanda Information and Technology Agency (RITA) and the Rwanda Office of Tourism and National Parks (ORTPN).

¶3. (U) The establishment of RDB builds on the investment law of March 2006 which assists investors in obtaining necessary licenses, visas, work permits, and tax incentives and which remains in full force. The law provides permanent residence and access to land for investors who deposit \$500,000 in a commercial bank in Rwanda for a period not less than six months. This law also fixes the minimum initial capital investment requirement for foreign investors at USD 250,000 to qualify for tax and other investment incentives. No statutory limits on foreign ownership or control exist, and there is no official economic or industrial strategy that has discriminatory effects on foreign investors.

¶4. (U) Rwanda is still developing its legal investment infrastructure, and the commercial judicial system continues to lack capacity. Specialized commercial courts began operations in May 2008 and, with the help of foreign commercial judges, have largely cleared a substantial backlog of cases, but it remains difficult to enforce contracts.

¶5. (U) In 2008, a business law reform commission drafted new commercial legislation to facilitate investment and improve the business climate. The government approved and published in May 2009 new bankruptcy regulations and arbitration legislation. It has also approved a new Intellectual Property law, which is awaiting publication. Legislators

have drafted updated contract legislation that is pending parliamentary review.

¶6. (U) While there is no mandatory screening of foreign investment, the RDB does evaluate business plans of investors seeking tax incentives to record incoming foreign investment and to better allocate investment incentives to qualified foreign investors.

¶7. (U) The government encourages foreign investment through outreach and tax incentives. The only difference in treatment between foreign and domestic companies is the initial capital requirement for official registration (registration is not mandatory)) USD 250,000 for foreign investors; USD 100,000 for domestic investors. There are no reports of foreign investors declining to invest due to these differing treatments. Foreign investors can start a new business irrespective of the initial capital requirement. Qbusiness irrespective of the initial capital requirement.

¶8. (U) Foreign investors can acquire real estate, but there is a general limit on land ownership. Although land is owned by the state, both foreign and local investors can acquire land through lease-hold agreements that extend from 50 to 99 years.

¶9. (U) The government established the Privatization Secretariat and the Rwanda Public Procurement Agency to ensure transparency in government tenders and divestment of state-owned enterprises. A November 17, 2009 report by Transparency International lowered Rwanda,s &Corruption Perception Index8 ranking from 102 in 2008 to 89, placing Rwanda among the top ten performers in Africa and the &least corrupt8 in East Africa.

¶10. (U) RDB provides investors with a &one stop8 investment services center. Additionally, RDB organizes investment conferences, both in Rwanda and abroad, to attract foreign investment. RDB directors and local businesses regularly join Rwandan President Paul Kagame in overseas tours to attract foreign investors. In September 2009, President Kagame was the keynote speaker at the annual Corporate Council for Africa meeting held in Washington, DC.

¶11. (U) RDB assists potential investors in securing all required approvals, certificates, land for their projects, work permits, and tax incentives. Foreign investors who pass through RDB have not reported any discrimination. Legally, foreign firms are treated equally with regard to taxes, access to licenses, approvals, and procurement. However, during the year some foreign investors asserted they were subjected to more scrutiny on tax enforcement matters than domestic firms.

¶12. (U) There are no laws requiring private firms to adopt articles of incorporation or association which limit or prohibit foreign investment, participation, or control.

¶13. (U) The World Bank, Transparency International, the Heritage Foundation and MCC have reported improved business climate indicators over the last two years.

| Index/Ranking (Date of Report) | 2009 | 2010 |
|----------------------------------|----------|---------|
| TI Corruption Index | 3.0/102 | 3.3/89 |
| World Bank Doing Business (rank) | 143 | 67 |
| Heritage Economic Freedom | 54.2/124 | 59.1/93 |

Index/Percent

| | | |
|------------------------------|----------|----------|
| MCC Government Effectiveness | .45/88 | .59/94 |
| MCC Rule of Law | .21/63 | .39/76 |
| MCC Control of Corruption | .68/97 | .80/98 |
| MCC Fiscal Policy | -0.4/59 | -0.5/59 |
| MCC Trade Policy | 61.2/28 | 67.4/47 |
| MCC Regulatory Quality | 0.08/56 | 0.14/61 |
| MCC Business Start Up | 0.866/39 | 0.988/98 |
| MCC Land Rights Access | 0.648/64 | 0.814/89 |

CONVERSION AND TRANSFER POLICIES

¶14. (U) There is no difficulty obtaining foreign exchange, or transferring funds associated with an investment into a freely usable currency and at a legal market clearing rate. In 1995, the government established a market-determined exchange rate system under which all lending and deposit interest rates were liberalized. The central bank holds daily foreign exchange sales freely accessed by commercial banks.

¶15. (U) Investors can remit payments only through authorized commercial banks. There is no limit on the inflow of funds, but the central bank requires justification for all transfers over USD 20,000 to facilitate the oversight of potential money laundering. Additionally, there are some restrictions on the outflow of export earnings. Companies generally must repatriate export earnings within three months after the goods cross the border. Tea exporters must deposit sales proceeds soon after auction in Mombasa. Repatriated export earnings deposited in commercial banks must match the exact declaration the exporter used crossing the border. The central bank requires individuals and businesses to justify transfers of more than USD 20,000 per year from Rwandan commercial banks. Rwandans working overseas can freely make remittances to their home country.

¶16. (U) It usually takes two to three days to transfer money using SWIFT financial services. Other financial services Qusing SWIFT financial services. Other financial services companies such as Western Union and Money Gram are also available to investors seeking to transfer funds. Since January 2007, the Rwandan Franc (RwF) has been convertible for essentially all business transactions. Rwanda has a liberal monetary system and complies with IMF Article VIII and all Organization for Economic Cooperation and Development (OECD) convertibility requirements. The Rwandan Franc exchange rate is closely tied to the USD.

EXPROPRIATION AND COMPENSATION

¶17. (U) The government reserves the right to expropriate property &in the public interest8 and &for qualified private investment8 under the expropriation law of April ¶2007. Buyers and sellers negotiate compensation directly depending on the importance of the investment and the size of the expropriated property. RDB may facilitate expropriation in cases where the expropriation is potentially controversial. Valuation of expropriated property is often opaque and controversial. Legislation governing valuation of expropriated properties is still pending. In 2008, a number of property owners vocally protested expropriation of their property by the city of Kigali and claimed the compensation offered was below market value and not in accordance with the expropriation law. In 2009, expropriation of property in Kigali was suspended temporarily.

¶18. (U) Expropriation actions have been more common in the capital because Kigali is undergoing major development. Authorities have not expropriated any industrial plants; expropriation has been limited to residential areas and small farms. For detailed information on the expropriation law, visit www.primature.gov and official gazette law No 18/2007 of 19 April 2007. There are no laws that require localgJ_*n~Qa is a member of the International Center for the Settlement of Investment Disputes (ICSID) and African Trade Insurance Agency (ATI), which are supported by the World Bank and Lloyds of London. ATI covers risk against restrictions on import and export activities, inconvertibility, expropriation, war, and civil disturbances.

¶20. (U) In 2008, Rwanda opened specialized commercial courts to address commercial disputes and facilitate enforcement of property and contract rights. To clear a backlog of

commercial cases, Rwanda hired experienced foreign judges who presided over Rwandan commercial trials. Their role was positively received and non-controversial. The law governing commercial establishments, the investment law, the law on privatization and public investment, the land law and the law on protection and conservation of the environment currently are the main laws governing investments in Rwanda.

¶21. (U) Judgments of foreign courts and contract clauses choosing foreign governing law are accepted and enforced by local courts. However, some government entities and officials have opposed strongly foreign choice of law clauses and international arbitration. Local courts lack experience adjudicating cases with non-Rwandan governing law. There has been a growing number of private investment disputes in Rwanda, but the government has never been involved as a complainant or respondent in a World Trade Organization dispute settlement.

¶22. (U) Rwanda signed and ratified the Multilateral Investment Guarantee Agency (MIGA) convention on October 27, 1989. MIGA issues guarantees against non-commercial risks to enterprises that invest in member countries.

PERFORMANCE REQUIREMENTS AND INCENTIVES

¶23. (U) Unless stipulated in a memorandum of understanding Q23. (U) Unless stipulated in a memorandum of understanding that characterizes the purchase of privatized enterprises, performance requirements are not imposed as a condition for establishing, maintaining, or expanding other investments. They are mostly imposed as a condition to access tax and investment incentives. Investors who demonstrate capacity to add value and invest in priority sectors enjoy more tax and investment incentives which include VAT exemptions on all imported raw materials, 100 percent write-off on research and development costs, 5 to 7 percent reduction in corporate income tax if the company exports products and services valued from USD 3 to 5 million, duty exemption on equipment, and a favorable accelerated rate of depreciation of 50 percent in the first year.

¶24. (U) Although there are no legal obligations regarding these matters, the government encourages foreign investors to

transfer technology and expertise to local staff, in order to help develop Rwanda's human capital. Immigration authorities generally grant work permits to foreign expatriates as long as they are key personnel and fall into categories of skilled labor where Rwandans are not available.

¶25. (U) RDB has been increasingly successful developing investment incentives and publicizing investment opportunities. Registered investors obtain certificates that bring benefits, including exemption from value-added tax and duties when importing machinery, equipment, and raw materials. RDB also assists with the issuance of expatriate work permits, securing all the required government permits, and assisting with land acquisition if required. The government offers grants and special access to credit to investors promoting rural areas. There are no import quotas for investors.

¶26. (U) There is no legal requirement that investors in general must purchase from local sources or export a certain percentage of their output. However, to benefit from incentives in a planned export zone, investors will be required to export a certain percentage of the finished product. The government regulates access to export-related foreign exchange.

¶27. (U) The Government gives preferential tax incentives to investors who create significant export-oriented growth. The government determines eligibility for such incentives upon request based on several factors: exports must total at least

80 percent of production (or exports total at least 10 percent if manufacturing under bond); capital investment is at least USD 100,000 (local investors and COMESA members) or USD 250,000 (non COMESA investors).

¶28. (U) There is no legal obligation that nationals own shares in foreign investments or that shares of foreign equity be reduced over time, however, the government strongly encourages local participation in foreign investments. The government does not impose conditions on transferring technology.

¶29. (U) The government is not involved in assessing the type and source of raw materials for performance, but the National Bureau of Standards determines quality standards. The government does not require investors to disclose proprietary information to government authorities.

¶30. (U) U.S. and other foreign firms participate in government-financed and/or subsidized research and development programs.

¶31. (U) There are no onerous residence visa or work permit requirements that inhibit foreign investors, mobility. There is no visa requirement for U.S. nationals for the first 90 days of their stay in Rwanda. The government generally processes visa applications for other foreign nationals in a timely manner. As a result of the July 1, 2009 entry into force of the East African Community (EAC) customs union, other East Africans who qualify as skilled workers do not need permits to work in Rwanda. Unskilled workers do require visas. The RDB facilitates visas and work permits for potential investors.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

¶32. (U) Local and foreign investors have the right to own and establish business enterprises in all forms of remunerative activity. The Rwandan constitution stipulates that every person has the right to private ownership, whether personal or in association with others. The government cannot violate the right to private ownership except in the public interest, the right to private ownership except in the public interest, and with procedures that are determined by law, and subject to fair compensation.

¶33. (U) The law also allows private entities to acquire and to dispose of interests in business enterprises. Foreign nationals may hold shares in locally incorporated companies. The government has divested and continues to divest in public enterprises that would compete with the private sector. However, holding companies closely affiliated with the government continue to dominate the private sector.

PROTECTION OF PROPERTY RIGHTS

¶34. (U) The law protects and facilitates acquisition and disposition of all property rights. Investors involved in commercial agriculture have lease-hold titles and are able to secure property titles, if needed. The land law passed July 14, 2005 stipulates modalities of property registration and a land titling campaign that began as a pilot project in 2008 is now underway nationwide.

¶35. (U) The Government maintains measures that may violate the WTO's TRIMs (Trade Related Investment Measures) by allowing parallel imports of goods from countries where patents and original trade marks are not registered and recognized. However, as a least developed country, Rwanda has until 2013 to abide by specific WTO TRIMs.

¶37. (U) Rwanda adheres to key international agreements on intellectual property rights and their protection, but as a least developed country, Rwanda has until 2013 to abide by

specific Trade Related Intellectual Property (TRIP) arrangements. As a member of Common Market for East and Southern Africa (COMESA), Rwanda is automatically a member of African Regional Intellectual Property Organization (ARIPO). It is also a member of World Intellectual Property Organization (WIPO) and is currently working towards harmonizing its legislation with WTO trade-related aspects of intellectual property. The Ministry of Commerce (MINICOM), the Rwandan Revenue Authority (RRA), and the Rwandan Bureau of Standards (RBS) work together to address issues involving counterfeit products on the Rwandan market. Through the RBS and the RRA, Rwanda has earned accolades for its protection of intellectual property rights, but many goods that violate patents, especially pharmaceutical drugs, make it to market nonetheless.

¶38. (U) Rwanda has not yet ratified WIPO internet treaties, but the Government has taken steps to implement and enforce the WTO TRIPS agreements. Intellectual property legislation covering patents, trademarks and copyrights have been drafted and are pending parliamentary review. A Registration Service Agency, which is part of the Rwanda Development Board (RDB), was established in 2008 and will further improve intellectual property rights by registering all commercial entities and facilitating business identification and branding.

TRANSPARENCY OF THE REGULATORY SYSTEM

¶39. (U) The government generally uses transparent policies and effective laws to foster clear rules consistent with international norms. Institutions such as the Rwanda Revenue Authority (RRA), the Ombudsman,s office, the Bureau of Standards, the National Public Prosecutions Authority (NPPA), the Rwanda Utilities Regulatory Agency, the Public Procurement Agency, and the Privatization Secretariat all have clear rules and procedures. However, some investors claim that the RRA unfairly targets foreign investors for audits.

¶40. (U) There is no formalized mechanism to publish draft laws for public comment, although civil society has the opportunity to review proposed laws. There is no government effort to restrict foreign participation in industry standards-setting consortia or organizations.

¶41. (U) Some investors complain that the strict enforcement of tax, labor, and environmental laws impede investment. The government updated the labor code in 2009 to simplify recruitment of labor and facilitate the hiring, firing and retention of competent staff.
Qretention of competent staff.

¶42. (U) Rwanda established an Ombudsman,s office in 2004 that monitors transparency and compliance to regulation in all governmental sectors. In 2009, the government expanded the Ombudsman,s authority to include criminal investigation powers to prosecute corruption. The Rwanda Utility Regulation Agency, the Auditor General,s Office, the Anticorruption Division in the Rwanda Revenue Authority, the National Bureau of Standards, and the National Tender Board also enforce regulations. In 2009, the press frequently reported instances of alleged malfeasance involving private citizens and Rwandan officials. This led to investigations and arrests of high ranking officials as well as a number of resignations.

¶43. (U) There is no informal regulatory process managed by nongovernmental organizations. Existing legal, regulatory and accounting systems are generally transparent and consistent with international norms but are not always enforced.

¶44. (U) A key component of the government,s regulatory system is the Office of the Auditor General, established in 1999 to audit government adherence to fiscal controls. The Auditor reports regularly to the Parliament and those reports have led to wide-ranging criminal investigations of alleged

misconduct.

¶45. (U) Consumer protection associations exist, but are largely ineffective. The business community has been able to lobby the Government and to provide feedback on government policy and execution through the Private Sector Federation, a business association partially funded by the government.

EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

¶46. (U) Access to affordable credit is a serious challenge in Rwanda, as interest rates are relatively high and loans are usually short-term. Savings rates have been low. However, credit terms generally reflect market rates and foreign investors are able to negotiate credit facilities from local lending institutions if they have collateral and bankable projects.

¶47. (U) The private sector has limited access to credit instruments. Most Rwandan banks are conservative, risk-averse and trade in a limited range of commercial products. Following privatization, commercial banks introduced a variety of credit instruments with more products becoming available as the local banking industry matures. Credit cards are not in use except in major hotels and a few restaurants, but debit cards have been introduced on a limited basis.

¶48. (U) The Central Bank encourages and facilitates investments through the sale of treasury bills and bonds. An over-the-counter (OTC) market was established in 2008 with the assistance of the US Department of Treasury, but volume is limited and confined to sale of government treasury bills and a few corporate bonds and shares.

¶49. (U) The percentage of non-performing loans in the commercial market remains high at 29 percent in 2008. In 2009, the commercial banking sector made a concerted effort to clean up its loan portfolios, which further restricted capital availability. In 2006, the central bank increased the capital requirement for commercial and investment banks to USD 9.2 million.

¶50. (U) With only a small OTC market, corporations generally trade shares among themselves or with private investors. No hostile takeovers have occurred involving foreign investors, and both the central bank and the government have been very active in seeking foreign investors for the banking sector. The IMF gives the central bank high marks for its effective management of the regulatory system.

COMPETITION FROM STATE OWNED ENTERPRISES

¶51. (U) Rwandan law allows private enterprises to compete with public enterprises under the same terms and conditions with respect to access to markets, credit, and other business operations. Since 2006, the government has made an intensive effort to privatize SOEs, to reduce the government's non-controlling shareholdings in private enterprises, and to attract foreign direct investment, especially to the telecommunications, tourism, banking, and agriculture sectors. Foreign investors now own controlling interests in Qsectors. Foreign investors now own controlling interests in most of Rwanda's biggest taxpayers. Many smaller SOEs, when privatized, have been acquired by Rwandan investors and investor groups including some that have themselves government shareholders and others led by individuals with close ties to the government. SOEs include water and electricity utilities and companies in construction, mining, finance, tea and other agricultural investments. The government continues to own minority shares in telecommunications, brewing, insurance, hotels and other sectors.

¶52. (U) Some private sector firms assert that SOEs and private enterprises in which the government owns shares, or that have close ties to the government officials, sometimes

receive preferential treatment with regard to access to credit and, as noted earlier, in tax compliance enforcement.

¶53. (U) SOEs generally have boards of directors that function independently. However, Ministers and their representatives sit on SOE boards and exercise considerable influence. Most SOEs are required to publish audited annual reports, but some are not readily available.

CORPORATE SOCIAL RESPONSIBILITY

¶54. (U) There is a growing awareness of corporate social responsibility but only a few companies (primarily those that have international ownership) have actually implemented sustainable programs.

POLITICAL VIOLENCE

¶55. (U) Rwanda is a stable country with little violence. A strong police and military provide a security umbrella that minimizes potential criminal activity and political disturbances. On several occasions during 2008 and 2009 unknown assailants detonated grenades in the vicinity of the Kigali Genocide Memorial Centre and in rural areas of the country. There have been no incidents involving politically motivated damage to projects or installations since the late 1990s.

¶56. (U) Parliamentary elections in 2008 were peaceful. Although the region of the Democratic Republic of the Congo (DRC) neighboring Rwanda remains unstable, rebel groups operating in the DRC have not conducted insurgent activity in Rwanda since the late 1990s. In 2009, Rwanda reestablished diplomatic ties with the DRC and the two countries are now cooperating to establish peace in the eastern DRC and improve regional economic ties. Rwanda acts in concert with its neighbors to fight crime and terrorism, and it actively cooperates in efforts to identify and freeze the assets of known terrorist individuals or organizations.

CORRUPTION

¶57. (U) The government maintains a high-profile anti-corruption effort and senior leaders articulate a consistent message that combating corruption is a key national goal. There are relatively frequent public reports of investigations into allegations of misconduct by officials using their office for personal gain. The government regularly investigates such incidents and prosecutes and punishes those if found guilty. Enforcement is the same for both foreign and local investors. High-ranking officials accused of corrupt activities often resign during the investigation period and many have been prosecuted. Senior government officials take pride in Rwanda's reputation for being tough on corruption, and numerous governmental institutions play an active role in investigating public officials accused of corruption.

¶58. (U) Rwanda has signed and ratified the UN Anticorruption Convention. It is a signatory of the OECD Convention on Combating Bribery. It is also a signatory of the African Union Anticorruption Convention. Giving and accepting a bribe is a criminal act under law, and penalties depend on circumstances surrounding the specific case. U.S. firms have identified the relative lack of corruption in Rwanda as a key incentive to investing in the country.

¶59. (U) Some businesses report occurrences of petty corruption in the customs clearing process, but there are limited reports of corruption in transfers, dispute settlement, regulatory system, taxation or investment performance requirements. A local company cannot deduct a bribe to a foreign official from taxes. A bribe by a local company to a foreign official is a crime in Rwanda.

¶60. (U) Institutions including the Ombudsman,s office, the Anti-Corruption Unit in the Rwanda Revenue Authority, and the Auditor General,s Office identify corruption cases. The police and the NPPA prosecute cases. Since 2009, the Ombudsman,s office has criminal investigative powers that allow it to pursue corruption cases.

¶61. (U) There is a local chapter of Transparency International in Rwanda. Other similar regional non-governmental organizations do not operate in Rwanda, yet periodically issue reports about the country. Transparency International reported in November 2009 that Rwanda has improved its ranking in the Corruption Perception index from 2.7 in 2007 to 3.3 in 2009.

BILATERAL INVESTMENT AGREEMENTS AND AGOA

¶62. (U) Rwanda is eligible for trade preferences under the African Growth and Opportunity Act (AGOA), which the United States enacted to extend duty-free and quota-free access to the U.S. market for nearly all textile and handicraft goods produced in eligible beneficiary countries. The U.S. and Rwanda signed a Trade and Investment Framework Agreement (TIFA) in 2006 and a Bilateral Investment Treaty in 2008.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

¶63. (U) The Overseas Private Investment Corporation (OPIC) has provided a single investment guarantee in Rwanda to Sorwathé, an American-owned tea factory. Given Rwanda,s political, economic and currency stability, OPIC officials have expressed interest in expanding OPIC involvement in Rwanda and are currently evaluating several projects in energy, education, construction and tourism.

¶64. (U) The Export-Import Bank (EXIM) continues its program to insure short-term export credit transactions involving various payment terms, including open accounts that cover exports to the U.S. of consumer goods, services, commodities, and certain capital goods. Rwanda is a member of the Multilateral Investment Guarantee Agency (MIGA) and the African Trade Insurance Agency (ATI).

LABOR

¶65. (U) General labor is available, but there is a shortage of skilled labor, including accountants, lawyers, and technicians. Higher institutes of technology, many private universities, and vocational institutes are improving and producing more and more graduates each year. Starting in 2010, English, instead of French, is the language of instruction from elementary school grade three onwards.

¶66. (U) Rwanda attempts to adhere to the International Labor Organization (ILO) convention protecting worker rights. Policies to protect workers in special labor conditions exist, but enforcement remains inconsistent. The government encourages but does not require on-the-job training of and technology transfer to local employees.

¶67. (U) The government revised the national labor code in 2000 to eliminate gender discrimination, restrictions on the mobility of labor, and wage controls. A new labor code is currently under review in Parliament. Companies find skill deficits in many sectors when hiring, but these deficits will continue to shrink as literacy rates increase and more qualified people graduate from Rwandan institutions of higher learning. The general population,s literacy rate continues to improve.

FOREIGN TRADE ZONES/FREE PORTS

¶68. (U) Rwanda is a member of several sub-regional economic organizations, such as the East African Community (EAC) which

put in place a customs union on July 1, 2009. That union facilitates the movement of goods produced in the region and permits an EAC citizen with certain skills to work in any member country. The EAC seeks to put in place a common market in 2010. Rwanda is also a member of the Economic Community of the Great Lakes (CEPGL) together with the DRC and Burundi, and of the Common Market for Eastern and Southern Africa (COMESA). COMESA countries have a free trade agreement that permits goods originating in member countries and that comply with certain rules of origin to enter other member markets duty free. Value addition on imported raw materials must be 3 percent to qualify for duty free entry. Rwanda plans to establish a free trade zone outside Kigali in 2010. Bonded warehouse facilities are now available to businesses importing duty free materials.

FOREIGN DIRECT INVESTMENT STATISTICS

¶69. (U) Foreign direct investment in Rwanda surged from 2006 to 2009, by any measure. According to the World Bank's World Investment Report 2009, Foreign Direct Investment (FDI) flows into Rwanda increased from USD 16 million in 2006 (3.3 percent of gross capital formation) to USD 103 million in 2008 (12.2 percent).

¶70. (U) The Rwanda Development Board (RDB) announces foreign direct investment in the year registered or committed, not when actually expended. Many of those registered are multi-year investments. For example, in 2008, the RDB reported registering USD 541 million in 40 foreign investment projects. Of those, reportedly, only 15 had begun operating or had merged with local companies over the following year. Of these, reportedly 15 projects had begun operations or merged with local companies over the following year.

¶71. (U) On December 31, 2009, the RDB reported to the press that Rwanda attracted \$600 million in new investment during 2009. The RDB figure reflects the total value of agreed investments, not actual capital in flows. Delays in starting projects or subsequent changes in planned amounts will determine actual FDI inflow.

SYMINGTON